



General Assembly

February Session, 2010

Raised Bill No. 5159

LCO No. 602

* ____HB05159PS____022510____*

Referred to Committee on Public Safety and Security

Introduced by:
(PS)

***AN ACT CONCERNING AN ASSESSMENT FOR REGULATORY
OVERSIGHT OF THE CONNECTICUT LOTTERY CORPORATION.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 12-806 of the 2010 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (b) The corporation shall have the following powers:

5 (1) To receive as transferee from the state of Connecticut all of the
6 tangible and intangible assets constituting the lottery including the
7 exclusive right to operate the lottery as the exclusive lottery of the state
8 and, subject to subsection (b) of section 12-808, to assume and
9 discharge all of the agreements, covenants and obligations of the
10 Division of Special Revenue entered into which constitute a part of the
11 operation and management of the lottery;

12 (2) To operate and manage the lottery consistent with the provisions
13 of sections 1-120, 1-121, 1-125, 12-557e, 12-563, 12-563a, 12-564, 12-566,
14 12-567, 12-568a and 12-569, subsection (d) of section 12-574 and
15 sections 12-800 to 12-818, inclusive, and as specifically provided in

16 section 12-812;

17 (3) To have perpetual succession as a body corporate and to adopt
18 bylaws, policies and procedures for the operation of its affairs and
19 conduct of its businesses;

20 (4) To introduce new lottery games, modify existing lottery games,
21 utilize existing and new technologies, determine distribution channels
22 for the sale of lottery tickets and, to the extent specifically authorized
23 by regulations adopted by the Division of Special Revenue pursuant to
24 chapter 54, introduce instant ticket vending machines, kiosks and
25 automated wagering systems or machines, with all such rights being
26 subject to regulatory oversight by the Division of Special Revenue,
27 except that the corporation shall not offer any interactive on-line
28 lottery games, including on-line video lottery games for promotional
29 purposes;

30 (5) To establish an annual budget of revenues and expenditures,
31 along with reasonable reserves for working capital, capital
32 expenditures, debt retirement and other anticipated expenditures, in a
33 manner and at levels considered by the board of directors as
34 appropriate and prudent;

35 (6) To adopt such administrative and operating procedures which
36 the board of directors deems appropriate;

37 (7) To enter into agreements with one or more states or territories of
38 the United States for the promotion and operation of joint lottery
39 games and to continue to participate in any joint lottery game in which
40 the corporation participates on July 1, 2003, regardless of whether any
41 government-authorized lottery operated outside of the United States
42 participates in such game;

43 (8) Subject to the provisions of section 12-815, to enter into
44 agreements with vendors with respect to the operation and
45 management of the lottery, including operation of lottery terminals,
46 management services, printing of lottery tickets, management

47 expertise, marketing expertise, advertising or such other goods or
48 services as the board of directors deems necessary and appropriate;

49 (9) To purchase or lease operating equipment, including, but not
50 limited to, computer gaming and automated wagering systems and to
51 employ agents or employees to operate such systems;

52 (10) To retain unclaimed prize funds as additional revenue for the
53 state, or to use unclaimed prize funds to increase sales, or to return to
54 participants unclaimed prize funds in a manner designed to increase
55 sales;

56 (11) To establish prize reserve accounts as the board of directors
57 deems appropriate;

58 (12) To pay lottery prizes as awarded under section 12-812, to
59 purchase annuities to fund such prizes, and to assure that all annuities
60 from which payments to winners of lottery prizes are made are
61 invested in instruments issued by agencies of the United States
62 government and backed by the full faith and credit of the United
63 States, or are issued by insurance companies licensed to do business in
64 the state, provided the issuer has been determined by the Division of
65 Special Revenue to be financially stable and meets the minimum
66 investment rating as determined by the division;

67 (13) To pay [or] the Office of Policy and Management to reimburse
68 the Division of Special Revenue [, the Office of Policy and
69 Management and other affected state agencies,] for the reasonable
70 [direct and indirect] and necessary costs [of the planning for and
71 implementation of the transactions contemplated by sections 12-563a
72 and 12-800 to 12-818, inclusive, including, without limitation, expenses
73 related to such transactions arising prior to June 14, 1996, and the
74 operation and management of the lottery, including, without
75 limitation, regulatory oversight of the corporation,] arising from the
76 division's regulatory oversight of the corporation, in accordance with
77 the assessment made pursuant to section 2 of this act, including costs

78 arising directly or indirectly from the licensing of lottery agents,
79 performance of state police background investigations, and the
80 [planning for and implementation of the transactions contemplated by
81 section 12-808] implementation of subsection (b) of section 12-562,
82 sections 12-563a, 12-568a, 12-569, 12-570, 12-570a and 12-800 to 12-818,
83 inclusive;

84 (14) In the event that the operation or management of the
85 corporation becomes subject to the federal gaming occupation tax, to
86 pay such tax on behalf of lottery sales agents and to assist agents
87 subject thereto;

88 (15) To determine the commissions payable to lottery sales agents,
89 provided any agent's commission shall not average less than four per
90 cent of such agent's lottery sales;

91 (16) To invest in, acquire, lease, purchase, own, manage, hold and
92 dispose of real property and lease, convey or deal in or enter into
93 agreements with respect to such property on any terms necessary or
94 incidental to carrying out the purposes of sections 12-563a and 12-800
95 to 12-818, inclusive, provided such transactions shall not be subject to
96 approval, review or regulation pursuant to title 4b or any other statute
97 by any state agency, except that real property transactions shall be
98 subject to review by the State Properties Review Board;

99 (17) To borrow money for the purpose of obtaining working capital;

100 (18) To hold patents, copyrights, trademarks, marketing rights,
101 licenses or any other evidence of protection or exclusivity issued under
102 the laws of the United States or any state;

103 (19) To employ such assistants, agents and other employees as may
104 be necessary or desirable to carry out its purposes in accordance with
105 sections 12-563a and 12-800 to 12-818, inclusive, to fix their
106 compensation and, subject to the provisions of subsections (e) and (f)
107 of section 12-802, establish all necessary and appropriate personnel
108 practices and policies; to engage consultants, accountants, attorneys

109 and financial and other independent professionals as may be necessary
110 or desirable to assist the corporation in performing its purposes in
111 accordance with sections 12-563a and 12-800 to 12-818, inclusive;

112 (20) To make and enter into all contracts and agreements necessary
113 or incidental to the performance of its duties and the execution of its
114 powers under sections 12-563a and 12-800 to 12-818, inclusive;

115 (21) In its own name, to sue and be sued, plead and be impleaded,
116 adopt a seal and alter the same at pleasure;

117 (22) Subject to the approval of the board and to the requirement to
118 remit excess lottery funds to the General Fund as set forth in section
119 12-812, to invest any funds not needed for immediate use or
120 disbursement, including any funds held in approved reserve accounts,
121 in investments permitted by sections 3-20 and 3-27a for the proceeds of
122 state bonds;

123 (23) To procure insurance against any loss in connection with its
124 property and other assets in such amounts and from such insurers as it
125 deems desirable;

126 (24) To the extent permitted under any contract with other persons
127 to which the corporation is a party, to consent to any termination,
128 modification, forgiveness or other change of any term of any
129 contractual right, payment, royalty, contract or agreement of any kind;

130 (25) To acquire, lease, purchase, own, manage, hold and dispose of
131 personal property, and lease, convey or deal in or enter into
132 agreements with respect to such property on any terms necessary or
133 incidental to the carrying out of these purposes;

134 (26) To account for and audit funds of the corporation;

135 (27) To pay or provide for payment from operating revenues all
136 expenses, costs and obligations incurred by the corporation in the
137 exercise of the powers of the corporation under sections 12-563a and

138 12-800 to 12-818, inclusive; and

139 (28) To exercise any powers necessary to carry out the purposes of
140 sections 12-563a and 12-800 to 12-818, inclusive.

141 Sec. 2. (NEW) (*Effective from passage*) (a) Commencing July 1, 2010,
142 and annually thereafter, the Office of Policy and Management shall
143 assess the Connecticut Lottery Corporation in an amount sufficient to
144 compensate the Division of Special Revenue for the reasonable and
145 necessary costs incurred by the division for the regulatory activities
146 specified in subdivision (13) of subsection (b) of section 12-806 of the
147 general statutes, as amended by this act, for the preceding fiscal year
148 ending June thirtieth.

149 (b) On or before August first of each year, the Office of Policy and
150 Management shall submit the total of the assessment made in
151 accordance with subsection (a) of this section, together with a
152 proposed assessment for the succeeding fiscal year based on the
153 preceding fiscal year cost, to the Connecticut Lottery Corporation. The
154 assessment for the preceding fiscal year shall be determined not later
155 than September fifteenth of each year, after receiving any objections to
156 the proposed assessments and making such changes or adjustments as
157 the Secretary of the Office of Policy and Management determines to be
158 warranted. The corporation shall pay the total assessment in quarterly
159 payments to the Office of Policy and Management, with the first
160 payment commencing on October first of each year, and with the
161 remaining payments to be made on January first, April first, and July
162 first annually. The office shall deposit any such payment in the
163 General Fund and the total amount of such assessment shall be
164 appropriated to the Division of Special Revenue for each fiscal year.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	12-806(b)
Sec. 2	<i>from passage</i>	New section

PS *Joint Favorable*